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John J. Finnigan, Jr.  
Senior Counsel

VIA OVERNIGHT MAIL

RECEIVED

MAY 26 2006

PUBLIC SERVICE  
COMMISSION

May 24, 2006


Ms. Joyce Speer  
Public Service Commission  
Commonwealth of Kentucky  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

Re: The Matter of an Adjustment of Gas Rates of The Union Light, Heat and Power  
Company Case No. 2001-00092

Dear Ms. Speer:

I have enclosed ULH&P's supplemental financial statement for the quarter ending March 31, 2006. In addition, an unaudited financial statement for the twelve months ending March 31, 2006, is also enclosed.

Very truly yours,



John J. Finnigan, Jr.

Enclosure as stated  
JJF/sew

cc: Donald L. Storck

Quarterly Supplemental Financial Statements  
Income Statement  
For the 12 Months Ended March 31, 2006  
(Unaudited)

MAY 26 2006

PUBLIC SERVICE  
COMMISSION  
Company

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	
<b>Revenues</b>				
Residential Sales	97,391,970	94,552,789	0	191,944,759
Commercial Sales	87,912,403	39,005,348	0	126,917,751
Industrial Sales	40,799,948	6,919,815	0	47,719,762
Sales to Public Authorities	17,461,245	6,299,922	0	23,761,167
Public Street & Highway Lighting	1,447,601	0	0	1,447,601
Inter-Departmental Sales	177,306	84,275	0	261,581
Forfeited Discounts	0	0	0	0
Misc. Service Revenues	218,532	25,985	437,092	681,609
Revenues from Transportation	0	4,651,324	0	4,651,324
Rents from Property	704,752	34,176	1,133,980	1,872,908
Interdepartmental Rents	0	0	0	0
Other Revenues	4,364,205	33,075	0	4,397,280
Less Provision for Rate Refunds	0	0	0	0
Total Revenues	250,477,961	151,606,709	1,571,072	403,655,742
<b>Operating Expenses</b>				
Operation Expense	201,494,261	125,334,962	77,505	326,906,729
Maintenance Expense	8,007,756	1,785,068	165,070	9,957,894
Depreciation Expense	9,540,069	7,289,034	5,718,124	22,547,227
Amortization and Depletion	1,185,562	1,086,061	0	2,271,623
Taxes Other than Income Taxes	3,006,873	2,744,052	257,644	6,008,569
Income Taxes - Federal & Other	3,489,455	3,090,142	92,922	6,672,518
Provision of Deferred Income Taxes - Net	(2,783,950)	2,470,188	1,814,753	1,500,991
Investment Tax Credit Adjustment	0	2,327	(2,327)	0
Total Operating Expenses	223,940,026	143,801,835	8,123,691	375,865,552
<b>NET OPERATING INCOME</b>	<b>26,537,935</b>	<b>7,804,874</b>	<b>(6,552,619)</b>	<b>27,790,190</b>
<b>Other Income &amp; Deductions</b>				
Revenues from Merchandising, Jobbing and Contract Work	0	0	869,399	869,399
Less Expense of Merchandising, Jobbing and Contract Work	0	0	(440,741)	(440,741)
Revenues from Nonutility Operations	0	0	17,742	17,742
Less Expenses from Nonutility Operations	0	0	0	0
Interest & Dividend Income	0	0	2,927,796	2,927,796
AFUDC	342,855	263,303		606,157
Gain on Disposition of Property	0	0	39,371	39,371
Loss on Disposition of Property	0	0	(60,081)	(60,081)
Misc. Income Deductions	0	0	(1,232,117)	(1,232,117)
Taxes Other than Income Taxes	0	0		0
Income Taxes - Federal & Other	0	0	(1,297,900)	(1,297,900)
Provision for Deferred Income Taxes - Net	0	0	0	0
Total Other Income & Deductions	342,855	263,303	823,471	1,429,628
<b>Interest Charges</b>				
Interest on Long Term Debt	(3,323,646)	(2,552,466)	(539,698)	(6,415,810)
Amortization of Debt Disc. And Expense	(271,236)	(208,302)	(44,044)	(523,582)
Amortization of Loss on Reacquired Debt	0	0	0	0
Interest on Debt to Assoc Co	(829,110)	(636,733)	(134,632)	(1,600,474)
Other Interest Expense	(396,049)	(304,154)	(64,311)	(764,514)
Less Allowance for Borrowed Fund Used During Construction - Credit	165,165	135,655	105,611	406,430
Net interest Charges	(4,654,876)	(3,566,000)	(677,074)	(8,897,951)
Extraordinary Items after Taxes	0	0	0	0
<b>NET INCOME</b>	<b>22,225,914</b>	<b>4,502,176</b>	<b>(6,406,222)</b>	<b>20,321,867</b>

**The Union Light, Heat and Power Company dba Duke Energy Kentucky**

**Quarterly Supplemental Financial Statements**

**Balance Sheet - Page 1**

**As of March 31, 2006**

**(Unaudited)**

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<b>Assets</b>				
Utility Plant in Service	1,065,505,709	280,932,584	10,977,815	1,357,416,108
Construction Work in Progress	22,020,019	5,534,052	0	27,554,071
Less Accum. Depreciation	(510,457,096)	(99,177,543)	6,886,960	(602,747,679)
Net Utility Plant	577,068,631	187,289,093	17,864,775	782,222,499
Nonutility Property	0	0	11,910,928	11,910,928
Other Investments	0	0	2,500	2,500
Special Funds	0	0	0	0
Total Other Property & Investments	0	0	11,913,428	11,913,428
Cash	4,118,333	3,162,763	668,740	7,949,836
Special Deposits	0	0	0	
Working Funds	1,295	995	210	2,500
Temporary Cash Investments	0	0	0	
Notes Receivable	0	0	0	
Customer Accounts Receivable	852,248	473,775	0	1,326,023
Other Accounts Receivable	3,653,289	2,834,911	654,473	7,142,673
Less Provision for Uncollectibles	(130,321)	(48,795)	0	(179,116)
Notes Receivable from Assoc. Co.	10,268,034	7,885,560	1,667,337	19,820,931
Accounts Receivable from Assoc. Co.	3,878,172	2,978,326	629,743	7,486,241
Fuel Stock	0	3,862,463	7,173,145	11,035,608
Plant Materials & Operating Supplies	160,515	151,220	0	311,735
Other Materials & Supplies	(61,008)	(57,476)	0	(118,484)
Stores Expense Undistributed	211,843	199,575	0	411,418
Gas Stored Underground - Current	0	0	0	0
Prepayments	5,638,390	2,669,243	0	8,307,633
Interest & Dividends Receivable	0	0	0	0
Misc. Current & Accrued Assets	6,191,731	0	0	6,191,731
Total Current & Accrued Assets	34,782,521	24,112,560	10,793,647	69,688,729
Unamortized Debt Expense	1,034,236	794,264	167,941	1,996,441
Extraordinary Property Losses	0	0	0	
Other Regulatory Assets	24,955,513	5,889,627	0	30,845,139
Preliminary Survey & Investigation	0	0	0	
Clearing Accounts	33,495	24,230	1,145	58,870
Temporary Facilities	(149,364)	0	0	(149,364)
Miscellaneous Deferred Debits	1,128,584	495,228	104,712	1,728,524
Unamortized Loss on Reacquired Debt	1,084,014	832,492	176,024	2,092,530
Accumulated Deferred Income Taxes	6,520,633	2,734,349	1,004,101	10,259,084
Unrecovered Purchased Gas Costs	0	(118,071)	0	(118,071)
Total Deferred Debits	34,607,111	10,652,119	1,453,922	46,713,152
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>646,458,264</b>	<b>222,053,772</b>	<b>42,025,773</b>	<b>910,537,808</b>

**The Union Light, Heat and Power Company dba Duke Energy Kentucky**

**Quarterly Supplemental Financial Statements**

**Balance Sheet - Page 2**

**As of March 31, 2006**

**(Unaudited)**

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<b>Proprietary Capital</b>				
Common Stock Issued	4,548,389	3,493,033	738,573	8,779,995
Premium on Capital Stock	9,759,328	7,494,886	1,584,732	18,838,946
Other Paid-in Capital Stock	142,399,278	1,961,872	414,822	144,775,972
Less Capital Stock Expense	0	0	0	0
Retained Earnings	185,019,776	7,430,096	7,784,733	200,234,605
Accumulated Other Comprehensive Income	(1,203,308)	(924,106)	(195,395)	(2,322,809)
Total Proprietary Capital	340,523,463	19,455,781	10,327,465	370,306,709
<b>Liabilities</b>				
Bonds	108,788,400	83,546,400	17,665,200	210,000,000
Less Reacquired Bonds	0	0	0	0
Other Long-Term Debt	0	0	0	0
Unamortized Premium on Long-Term Debt	0	0	0	0
Less Unamortized Discount on Long-Term Debt	(502,547)	(385,942)	(81,603)	(970,092)
Less Current Portion of Long-Term Debt	0	0	0	0
Total Long-Term Debt	108,285,853	83,160,458	17,583,597	209,029,908
Obligations Under Capital Leases - Noncurrent	4,614,585	3,543,869	0	8,158,454
Accum. Provision for Injuries & Damages	450,998	0	0	450,998
Accum. Misc. Operating Provisions	5,253,869	3,800,622	179,510	9,234,001
Total Other Noncurrent Liabilities	10,319,452	7,344,491	179,510	17,843,453
Current Portion of Long-Term Debt	0	0	0	0
Notes Payable	0	0	0	0
Accounts Payable	10,740,500	8,248,399	1,744,056	20,732,955
Notes Payable to Assoc. Co.	39,744,029	30,522,285	6,453,686	76,720,000
Accounts Payable to Assoc. Co.	8,586,711	6,594,350	1,394,321	16,575,382
Customer Deposits	2,546,010	1,712,244	0	4,258,254
Taxes Accrued	(9,480,962)	16,635,530	6,473,182	13,627,750
Interest Accrued	1,485,277	1,140,651	241,181	2,867,109
Tax Collections Payable	695,794	692,819	168,530	1,557,143
Misc. Current & Accrued Liabilities	862,799	624,144	29,479	1,516,422
Obligations Under Capital Leases - Current	1,565,076	1,201,933	0	2,767,009
Total Current & Accrued Liabilities	56,745,234	67,372,355	16,504,436	140,622,025
Customer Advances for Construction	0	2,363,895	0	2,363,895
Accum. Deferred Investment Tax Credits	6,028,141	1,417,001	0	7,445,142
Other Deferred Credits	4,477,378	9,079,744	0	13,557,122
Other Regulatory Liabilities	0	0	0	0
Accumulated Deferred Income Taxes	120,078,742	31,860,047	(2,569,235)	149,369,554
Total Deferred Credits	130,584,261	44,720,687	(2,569,235)	172,735,713
<b>TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS</b>	<b>646,458,264</b>	<b>222,053,772</b>	<b>42,025,773</b>	<b>910,537,808</b>